

## **10.0 CAPITAL IMPROVEMENTS (UPDATE)**

### **10.1 INTRODUCTION**

The CAPITAL IMPROVEMENTS element is required to be included within the Comprehensive Plan per requirements of State planning law and rule criteria. Specifically, Chapter 163.3177(6) (f), Florida Statutes, establishes the CAPITAL IMPROVEMENTS element requirement and Chapter 9J5.016, Florida Administrative Code, establishes minimum criteria to guide its preparation.

This element contains a summary of the data, analyses and support documentation necessary to form the basis for future capital improvements goals, objectives and policies.

In keeping with the requirements of Chapter 9J5.005 and 9J5.010 Florida Administrative Code, the CAPITAL IMPROVEMENTS element is structured according to the following format:

- Capital Improvements Data; and
- Capital Improvements Analysis; and
- ~~Capital Improvements Goal, Objectives and Policies~~

Data and analyses presented are important to the development of goal, objectives and policies statements in that localized issues can be identified and targeted.

### **10.2 CAPITAL IMPROVEMENTS DATA SUMMARY**

An overview of conditions pertinent to the preparation of the capital improvements goal, objectives and policies are presented in section that follows.

#### **10.2.1 Financial Resources**

In order to effectively plan for needed current or future capital improvements, and to systematically arrange for necessary financing through the budgeting process, a logical preliminary step is to inventory the various major sources of funding available to the City of South Bay. Revenue sources identified in the following section comprise a working inventory of financial resources available to the City. Importantly, the discussion that follows includes all major financial resources available to the City and is not limited to those sources which will necessarily be used for capital improvement projects included in this element's Five-Year Schedule of Improvements.

**10.2.1.1 Revenue Resources Currently Being Utilized by the City**

Revenue sources currently available to the City can be grouped into three (3) primary sources: Governmental Fund sources, Proprietary (enterprise) Fund sources and grants/loans. The Governmental Fund is comprised of the General Fund, ~~and the Special Revenue Funds which include the following: Federal Revenue Sharing; Community Development; and, Excise Tax.~~ General Fund revenues are those sources which may be used for any legal, authorized purpose. General Fund revenues, therefore, include all sources except those which are required to be accounted for in another fund and are used to finance the ordinary operations of the City. General Fund revenue sources, utilizing Fiscal Year (FY) ending ~~1994-2008/09~~ budget figures, are summarized on TABLE 10-1. ~~Federal Revenue Sharing fund revenues, for FY 1993/94 were \$632,000. Revenues are used for highway and street improvements.~~

TABLE 10-1  
GENERAL FUND REVENUES 1993-94

| CATEGORY              | SOURCE                      | FY1993/94        |              |
|-----------------------|-----------------------------|------------------|--------------|
| PERCENT               |                             | BUDGET (\$)      | OF           |
| TOTAL                 |                             |                  |              |
| Local Taxes           | Ad Valorem Taxes            | 624,000          | 39.6         |
| Licenses/Permits      | Occ. Licenses/Bldg. Permits | 37,100           | 2.3          |
| Inter Governmental    | State Revenue Sharing       | 632,000          | 40.1         |
|                       | License & Tax Rebates       |                  |              |
|                       | School Crossing Guards      |                  |              |
| Fines                 | Court Fines/Parking Fines   | 103,700          | 6.6          |
| Misc. Service Charges | Interest, Rent & Misc.      | 57,900           | 3.7          |
|                       |                             | 121,000          | 7.7          |
|                       | Subtotal                    | <u>755,031</u>   | <u>100.0</u> |
|                       | Total                       | <u>1,576,100</u> |              |

TABLE 10-2  
ANNUAL DEBT SERVICE 1989-1994

BOND SERIES  
(Totals in Dollars)

| YEAR | Principal Amt.<br>R/R* | Principal Amt. | Principal Amt.<br>Total |
|------|------------------------|----------------|-------------------------|
| 1989 | 52,000                 | 1981           | 60,000                  |
| 1990 | 55,000                 | 8000           | 64,000                  |
| 1991 | 58,000                 | 10,000         | 68,000                  |
| 1992 | 60,000                 | 10,000         | 73,000                  |
| 1993 | 64,000                 | 10,000         | 77,900                  |
| 1994 | 66,000                 | 10,000         | 80,000                  |
| 1995 | 70,000                 | 10,000         | 85,000                  |

\* Revenue and Refunding

SOURCE: City of South Bay, Florida  
Audited Financial Statements and Other  
Financial information; 1989-1994

Community development revenues are generated through the County's Community Development Block Grant (CDBG) Program. Revenues for ~~1993/94 were \$32,264~~ FY 2008/09 are reported at \$101,194. ~~The City has received declining dollar amounts from CDBG since the Plan was adopted and is considering entering the Small Cities Program in lieu of participating through Palm Beach County.~~ Funds are expended for various infrastructure improvements. Excise Tax Revenues are generated by franchise fees and taxing the use of various utilities (i.e. telephone, cable T.V., electricity, gas) providing service in the City. Special Fund status is assigned to the utility tax portion of the revenues to assure debt service coverage on the Revenue Bond issues. Funds are used primarily for interfund transfers to finance deficits in other City funds, once debt service commitments are guaranteed. The amount of interfund transfer from Excise Tax is reported at \$500,000. This interfund transfer is the largest revenue source adopted in the General Fund; representing nearly 23% of the entire \$2,177,399 General Fund revenues.

The major revenue source, other than from interfund transfers from Excise Tax, continues to be from Ad Valorem taxes (\$398,031); representing nearly 18.3% of the adopted General Fund revenues in FY 2008/09. Ad valorem revenues have continued to increase in recent years due to some growth and development and to conversion of many rental properties to fee simple ownership even though the millage rate has been reduced substantially. Within the past five (5) year planning period (Fiscal years 2004/05,

2005/06 and 2006/07), the adopted millage rate was 9.2889 mils; held at that rate consistently over that period of time. In FY 2007/08, the City reduced the millage rate to 6.3089 mils in the year that the City turned their water and sewer treatment operations over to Palm Beach County Water Utilities at the Belle Glade regional facilities. The current FY 2008/09 adopted millage rate has been maintained at the same 6.3089 mils. Revenues received from the South Bay Correctional Facility (\$275,560) represents the next major revenue source for the City; representing 12.6% of the General Fund revenues. The City also receives substantial revenues from the Local Government ½ Cent Sales Tax which is expected to generate over \$200,000 in General fund revenues; or, approximately 9.3% of the General Fund. State Revenue Sharing and revenues generate 6.6% of all revenues reported in the General Fund while the CDBG program and a grant from Palm Beach County for road improvements (\$100,000) representing another 4.6% of General Fund revenues, respectively.. Other substantial revenues are derived from The general Local Option Gas Tax and ½ Cent Gas Tax generate approximately \$123,000 combine (\$83,671 and \$39,458, respectively) which represents another 5.6% of the General Fund revenues. Water and sewer administrative charges are expected to generate another \$75,000, or 3.4% of the General Fund revenues while revenues from P.O.C. Unit Sales are expected to generate \$60,000 (approximately 2.8% of the General Fund revenues). Other less substantial revenues make up the balance of General Fund revenue sources .

Historically, actual General Fund revenues received between fiscal years 2004/05 and 2007/08 have decreased moderately on a per capita basis from \$734/capita (\$2,994,796 revenues/4079 resident population) to \$694/capita (\$3,259,059/4698), respectively. The FY2008/09 estimates that per capita revenues will decrease substantially from FY2007/08 to \$463/capita. This is due primarily to the revenue reductions cited above with population increasing at a very moderate rate. Expected revenues based on consumption such as the State ½ cent Sales Tax, Local Option Fuel Taxes and Telecommunication taxes are expected to be lower because of the current economic climate where consumer spending is decreasing and/or being conserved. Therefore, a continuation of moderate consumer spending and a maintenance of, or moderate decrease in, General Fund revenues will most likely continue into the 5-Year planning period of the Comprehensive Plan based on these conditions, and as the recent past “hot” real estate market continues to cool.

The City’s General Fund budget for FY 2008/09 is \$2,177,399.

TABLE 10-1  
GENERAL FUND REVENUES: FY 2008/09

| <u>CATEGORY</u>                     | <u>FY 2008/09 BUDGET (\$)</u> | <u>% OF TOTAL</u> |
|-------------------------------------|-------------------------------|-------------------|
| Ad Valorem Taxes                    | \$398,031                     | 18.3              |
| Delinquent Ad Valorem Tax           | 2,500                         | 0.1               |
| Local Option Fuel Tax               | 83,671                        | 3.8               |
| ½ Cent Local Option Fuel Tax        | 39,458                        | 1.8               |
| Fuel Tax Refund                     | 1,261                         | 0.1               |
| Mobile Home License Tax             | 2,772                         | 0.1               |
| Alcoholic Beverage License          | 600                           | 0.0               |
| Local Gov't. ½ Sales Tax            | 202,269                       | 9.3               |
| Occupational Licenses               | 15,700                        | 0.7               |
| Peddlers Application Fee            | 50                            | 0.0               |
| Permits and Licenses                | 50                            | 0.0               |
| Special Event Permit                | 50                            | 0.0               |
| Qualifying Fees                     | 125                           | 0.0               |
| Delinquent Occupational License Fee | 300                           | 0.0               |
| Building Permits                    | 15,453                        | 0.7               |
| County Occupational Licenses        | 12,000                        | 0.6               |
| CDBG Pop. Salary Support            | 101,194                       | 4.6               |
| PBCO Road Improvement Grant         | 100,000                       | 4.6               |
| State Revenue Sharing               | 144,102                       | 6.6               |
| Zoning Fees                         | 2,500                         | 0.1               |
| Sales of Maps and Publications      | 5                             | 0.0               |
| Certifying, Copying, Records        | 200                           | 0.0               |
| DOT Street Lights                   | 8,787                         | 0.4               |
| Public Safety Carnival              | 2,150                         | 0.1               |
| Mosquito Fees                       | 33,045                        | 1.5               |
| Fines and Forfeitures               | 22,892                        | 1.1               |
| Board Fines                         | 10,000                        | 0.4               |
| Payment in Lieu of Tax              | 16,234                        | 0.7               |
| Correctional Facility               | 275,560                       | 12.6              |
| P.O.C. Unit Sales                   | 60,000                        | 2.8               |
| Capital Imp. Interest Earned        | 200                           | 0.0               |
| Interest-Ad Valorem Tax             | 200                           | 0.0               |
| Rental Post Office                  | 12,000                        | 0.6               |
| Rent Sugar 900                      | 15,000                        | 0.7               |
| Metro PCS                           | 15,000                        | 0.7               |
| Rental Recreation Facility          | 3,500                         | 0.2               |
| Rent Day Care Center                | 1,500                         | 0.1               |

|                             |             |       |
|-----------------------------|-------------|-------|
| Oratorical Contest          | 300         | 0.1   |
| Donation Senior Citizen     | 240         | 0.0   |
| Miscellaneous Revenue       | 3,500       | 0.2   |
| W&S Administrative Charge   | 75,000      | 3.4   |
| Transfer from Excise Tax    | 500,000     | 23.0  |
| Total General Fund Revenues | \$2,177,399 | 100.0 |

SOURCE: City of South Bay, General Fund.

Enterprise funds (i.e. Water and Sewer Fund ~~and Sanitation Fund~~) are established to account for City operations that are financed and operated in a manner similar to private business where the costs of providing goods or services on a continuing basis are financed primarily through user charges. The City's Water and Sewer Fund is an enterprise fund established to finance water and sewer operations within the municipal limits and to provide bulk water service to the South Shore Water Association. ~~The City Sanitation Fund is an enterprise fund established to finance contractual obligations for garbage collection by a private hauler and trash collection by the City.~~

The adopted budget for the FY 2008/09 Water and Sewer Fund is \$2,437,244.

The major revenue source is expected to come from charges for Sewer sales. Over \$1,000,000, or nearly 44% of the Water and Sewer Fund budget, is projected to be received from this source. Water sales are projected to generate another \$759,600, representing 31.2% of the entire Water and Sewer Fund. Over \$500,000, or 21.9% of the Fund revenues, is expected to be received from 'ready to serve' charges for utilities. Approximately \$55,000 have been transferred to the Water and Sewer Fund from Excise Taxes, while less significant charges are expected from service charges (0.6%) and connection fees (0.1%). TABLE 10-2 identifies expected Water and Sewer Fund revenues for FY 2008/09.

TABLE 10-2

WATER AND SEWER FUND REVENUES: FY 2008/09

| <u>CATEGORY</u>          | <u>FY 2008/09 BUDGET (\$)</u> | <u>% OF TOTAL</u> |
|--------------------------|-------------------------------|-------------------|
| Water Sales              | 759,600                       | 31.2              |
| Ready To Serve Charge    | 534,224                       | 21.9              |
| Service Charges          | 15,000                        | 0.6               |
| Sewer Sales              | 1,070,232                     | 43.9              |
| Connection Fees (W&S)    | 3,000                         | 0.1               |
| Transfer From Excise Tax | 55,188                        | 2.3               |
| Totals                   | 2,437,244                     | 100.0             |

SOURCE: City of South Bay, Water and Sewer Fund.

The City derives no additional revenues from investment funds such as the State revenue pool (e.g. "Local Government Surplus Trust Funds Investment Pool") or local Certificates of Deposit (CDs) or savings accounts

Grants and Loans

The U.S. State and Local Fiscal Assistance Act of 1972, which formerly provided for a system of federal general revenue sharing, has now been modified. Federal funds are currently either: a) allocated to State agencies which administer block grants in accordance with the programs which they monitor; or, b) reserved at the federal agency level and are disbursed as block grants directly to State and local agencies or other eligible organizations and individuals. The purpose of the block grant program is to enable greater latitude by recipients in actual use of the funds, although recipients are still required to use the funds for specific categories of projects. These funds are not distributed by allocation, but rather, require competitive applications. Consequently, these grant monies are generally a non-recurring source of funds, and as such cannot be accurately projected for budgeting purposes. However, the City has been very successful in procuring funds on a regular basis for improvements and intends to continue to seek such funds for improvements. The City is a participant in, and recipient of, Community Development Block Grant funds.

In addition to block grants, several federal agencies offer direct loan programs, but their applicability to capital improvement projects is extremely limited. State loans, on the other hand, are usually available to finance such capital projects as land acquisition for low-income housing. The Department of Community Affairs' Bureau of Housing

administers loans and grants for these purposes through eligible local governments. Loans from other sources such as banks are also available for specific projects. The City is also currently a recipient of a grant from Palm Beach County for road improvements.

In addition to operating revenues, South Bay has issued three revenue bonds to finance water and sewer system improvements. Bond amounts are summarized as follows as of September 30, 2008:

| <u>Issue</u>          | <u>Amount</u> | <u>Maturation Date</u> |
|-----------------------|---------------|------------------------|
| Revenue and Refunding | \$3,985,000   | 2020                   |
| Series 1981           | \$4,653,000   | 2021                   |
| Series 1990           | \$ 348,000    | 2030                   |

| <u>Issue</u>        | <u>Amount</u> | <u>Maturation Date</u> |
|---------------------|---------------|------------------------|
| Revenue & Refunding | \$2,988,000   | 2020                   |
| Series 1981         | \$ 535,000    | 2021                   |
| Series 1990         | \$ 465,000    | 2030                   |

Total \$3,988,000 (Principal: \$2,872,000 and Interest: \$1,116,000)

Bonds are secured by a lien and pledge of net revenues derived from: (1) operation of the water and sewer systems; and (2) utility taxes. ~~The ratio of revenue bonds to total debt in South Bay is currently 100%. The annual debt service on these bonds during the 1980 to 1995 period is shown on TABLE 10-2~~

ANNUAL DEBT SERVICE 1989-1994 (UPDATE)

**BOND SERIES**  
(Totals in Dollars)

| <u>YEAR</u> | <u>Principal Amt.</u> | <u>Principal Amt.</u> | <u>Principal Amt.</u> |
|-------------|-----------------------|-----------------------|-----------------------|
|             | <u>R/R*</u>           |                       | <u>Total</u>          |
| 1989        | 52,000                | 1981                  | 60,000                |
| 1990        | 55,000                | 8000                  | 64,000                |
| 1991        | 58,000                | 10,000                | 68,000                |
| 1992        | 60,000                | 10,000                | 73,000                |
| 1993        | 64,000                | 10,000                | 77,900                |
| 1994        | 66,000                | 10,000                | 80,000                |
| 1995        | 70,000                | 10,000                | 85,000                |

\* Revenue and Refunding

### **10.2.1.2 Revenue Sources Available But Not Being Utilized By The City**

Depending upon priorities assigned by the City Commission and the availability of other revenue sources, it may be necessary to seek additional funding sources. The following sources of revenue represent some of the more commonly used options available to the City to finance capital improvements.

. Impact Fees. These fees are charged in advance of development and are designed to pay for infrastructure needs, but not operating costs, which directly result from new projects. These fees must be equitably allocated to the specific group(s) which will directly benefit from the capital improvement, and the assessment levied must fairly reflect the true costs-of these improvements. The City currently charges impact fees only for water and sewer systems expansion; however, other community improvements, such as roads, parks and drainage system expansions can also be partially funded utilizing this revenue source.

2. Special Assessments. Like impact fees, special assessments are levied against residents, agencies or districts who directly benefit from the new service or facility. For example, a drainage system for an existing neighborhood can be through a special assessment of that neighborhood's homeowner's, rather than through the City's General Fund. The City assesses a "Ready to Use" charge on monthly customer water and sewer utility bills. this charge is to guarantee there are enough revenues collected to pay-off outstanding bonds. Customers are charged one-half (1/2) of the assessed charges if they are being served by only one of the systems.

3. General Obligation Bonds. These bonds are backed by the full faith and credit of the local government, and are required to be approved by voter referendum. General obligation bonds offer lower interest rates than other bonds as they are, in effect, secured by the taxing power of the government. Revenues collected from the ad valorem taxes on real estate and other sources of general revenue are used to service the government's debt. Capital improvements financed through general obligation bonds should benefit the City as a whole rather than particular areas or groups. The City has no GOB's issued currently.

4. Additional Revenue Bonds. Unlike general obligations bonds, revenue bonds are financed by those directly benefiting from the capital improvement. Revenue obtained from the issuance of these bonds is used to finance publicly-owned facilities. Charges collected from the users of these facilities are used, in turn, to retire the bond obligations. In this respect, the capital project is self-supporting. Interest rates tend to be higher than for

general obligation bonds, and issuance of the bonds may be approved by the City Commission without voter referendum. Any revenue generating facility may be eligible for the use of this source. The City has three (3) outstanding Bond issues, as cited above, at the present time.

5. Industrial Revenue Bonds. This type of bond is issued by a local government, but is actually assumed by companies or industries who use the revenue for construction of plants or facilities. The attractiveness of these bonds to industry is that they carry comparatively low interest rates due to their tax-exempt status. The advantage to the local government is that the private sector is responsible for retirement of the debt and that new employment opportunities are created within the community. There are no Industrial Revenue Bonds being utilized at the current time.

A partial list of grant and loan programs is included on TABLE 10-4.

TABLE 10-4

AVAILABLE GRANT & LOAN PROGRAMS (Partial List)

A. Farmers Home Administration (FmHA)

Contact: ~~Glenn Walden~~  
Farmers Home Administration  
Room 214, Federal Building  
401 S.E. 1<sup>st</sup> Avenue  
Gainesville, FL 32602  
(904) 376-6107

1. Water and Waste Disposal Loans and Grants

Uses: Installation of, or improvements to, central community water systems, sewage disposal systems and solid waste disposal systems.

Service Area: Rural communities of not more than 10,000.  
Priority given to local public bodies.

Types of Assistance: Loans providing service to communities of 5,500 or less. Grants may cover up to 75% of project costs.

2. Community Facilities Loans

Uses: Build/improve public-use facilities such as hospitals, health clinics, fire & police departments, community centers, roads & streets, libraries, schools, recreation centers, and other essential community service facilities. Covers cost of equipment installation as well as -cost of construction.

Service Area: Same as above.

Types of Assistance: Loans. No grants.

3. Business & Industry Loan Guarantee Program

Uses: Purchase of land, building, & equipment.  
Working capital. Some debt refinancing.

Service Area: Areas of 50,000 or less. Preference to areas of 25,000 or less.

Types of Assistance: 90% guaranteed loan program backed by FmHA.  
\$500,000 -\$10 Million

Special Assistance: Women owned businesses, Minority owned businesses, job producing enterprises in deeply distressed areas. Modernizing and upgrading distressed business centers in rural communities.

4. Industrial Development Grants

Uses: Grants for rural areas to help finance development of industrial sites necessary to attract private business enterprises. Acquisition & development of land. Construction of buildings, plants, access roads, parking areas & utility extensions. Purchase equipment & pay fees.

Service Area: Areas of 50,000 or less. Preference to areas of 25,000 or less.

Types of Assistance: Grants.

B. Florida League of Cities

Contact: ~~Ann Jenkins~~  
~~Florida League of Cities~~  
~~201 W. Park Avenue~~  
~~Suite 300~~  
~~Tallahassee, Florida 32301~~  
~~904/222-9684~~

Mandy Rogers  
Florida League of Cities  
301 South Bronough Street,  
Tallahassee, FL 32302-1757  
(850) 222-9684

Low Interest Loan Pool

Uses: Exterior, repainting, plaster, bricking for facade improvements.

Service Area: Downtown business areas in need of redevelopment.

Types of Assistance: Program is Intended to improve the visual aspect of downtown. Only exterior improvements can be made.

C. Community Development Block Grants

Contact: ~~Thomas Yeatman~~ Jane Browning, Director  
~~Bureau of Community Assistance~~ Division of Housing and  
Community Development

~~Department of Community Affairs~~ Department of Community  
Affairs  
~~Tallahassee, Florida 32301~~ Tallahassee, FL 32399-  
2100  
~~904/487-3644~~ (850) 487-3644

1. Neighborhood Revitalization

Uses: Streets, water & sewer, drainage, senior citizens centers, handicapped centers.

Service Area: Contact Department of Community Affairs (DCA) for eligibility determination.

Types of Assistance: Grants up to \$650,000 per funding year.

2. Commercial Revitalization

Uses: Street improvements, loan pool for commercial facade improvements. Downtown parking, building exterior rehabilitation, and infrastructure.

Service Area: Contact DCA for. Eligibility determination.

Type of Assistance: Grants up to \$650,000 per funding year.

3. Economic Development

Uses: Can be used to attract or fund a specific business. Project may include infrastructure.

Service Area: Contact DCA for Eligibility determination.

Types of Assistance: Grants & loans up to \$650,000 per funding year requiring a 1- -to-1 private match.

4. Housing

Uses: Rehabilitation, demolition and construction of single and multi-family housing units.

Service Area: Contact DCA for eligibility determination.

Type of Assistance: Grants up to \$650,000 per funding year.

D. Urban Development Action Grants

Contact: Mr. Jeff Forsgren  
U.S. Department of Housing and Urban Development  
325 West Adams Street  
Jacksonville, Florida 32202  
(904) 791-3587  
10-12  
Regional Director, Miami Office  
Brickell Plaza Federal Building  
909 SE First Avenue, Room 500  
Miami, FL 33131-3028  
(305) 536-5678

Uses: Gap financing for industrial and business development projects. Eligible activities include: land acquisition, purchase of machinery and equipment, construction and renovation.

Service Area: Variable, consult with HUD regarding your project's eligibility.

Types of Assistance: Grant to eligible local government with no set dollar ceiling.

E. Economic Development Administration  
Contact: Margaret McIntosh

~~Economic Development Administration~~

~~1365 Peachtree Street Northeast  
Atlanta, Georgia 30309  
(404) 347-7861~~

Regional Director, Atlanta Region  
Economic Development Administration  
401 Peachtree Street, Suite 1820  
Atlanta, GA 30308-3510  
(404) 730-3002

1. Public Works and Development Facilities

Uses: Construction of public facilities to initiate job creation in areas of high unemployment. Activities include sewer, water, roads, railroad sidings or spurs, port facilities, public tourism facilities, and site improvements for industrial parks.

Service Area: Contact EDA for eligibility determination and project designation.

Type of Assistance: Guaranteed/insured loans up to 80 percent of private lending institutions loan exposure.

2. Business Development Assistance

Uses: To provide financial assistance to businesses for job creation or retention. Activities include start-up or expansion of plants. Maybe used for working capital.

Service Area: Contact EDA for eligibility determination.

Type of Assistance: Guaranteed/insured loans up to eighty percent of private lending institutions loan exposure.

Source: ~~Land Research Management, 9/88~~ JLH Associates, 6/08.

### **10.2.1.3 General Fund Expenditures**

Capital improvements expenditures often are funded through the General Fund budget. The General Fund budget consists of individual departmental budgets with the exception of a non-departmental budget established to cover common needs and expenses that affect all departments. Almost all expenses in the General Fund are for operations and maintenance; however, in the current year budget, for example, the Public Works Department projects expenses for equipment, vehicles, road materials and some other capital items. Most capital expenditures are incurred by the water and sewer utilities, and reflected appropriately in the Water and Sewer Fund. The FY 2008/09 General Fund budget indicates that \$500,000 represents a Transfer from Excise Taxes. If capital improvements have been unforeseen and unbudgeted in the General Fund, then the City will make a line item transfer, if appropriate, to fund needed and identified departmental capital improvements.

General Fund expenditures are delineated in the FY 2008/09 budget as Legislative, City Manager, City Clerk, Finance, Planning and Zoning, Human Resources, Community Development, Public Works and Non-Departmental. The major expenditure to the City is incurred for Non-Departmental expenses (\$686,528) which represents over 31% of expenses in the General Fund. The Public Works Department is expected to have the largest departmental budget, projected to incur \$563,404, or over 25% of all expenses in the General Fund. The City Manager, City Clerk, Finance Department and Public Safety are expected to incur 6-7% each of all expenses identified in the General Fund. Public Safety would normally be a large expense, but the City is now served by the Palm Beach County Sheriff as part of the MSTU. The remaining departments are expected to expend a smaller portions of the overall General Fund budget. TABLE 10-5 identifies the projected departmental expenses in the General Fund. General Fund expenditures are expected to increase at declining rates during the 5-Year planning period because of declining revenues to cover projected costs.

TABLE 10-5

GENERAL FUND EXPENDITURES: FY 2008/09

| <u>CATEGORY</u>       | <u>FY 2008/09 BUDGET (\$)</u> | <u>% OF</u> |
|-----------------------|-------------------------------|-------------|
| <u>TOTAL</u>          |                               |             |
| Legislative           | 47,074                        | 2.2         |
| City Manager          | 137,352                       | 6.3         |
| City Clerk            | 168,525                       | 7.7         |
| Finance               | 160,391                       | 7.4         |
| Legal                 | 80,000                        | 3.7         |
| Planning and Zoning   | 41,366                        | 1.9         |
| Human Resources       | 50,189                        | 2.3         |
| Community Development | 89,570                        | 4.1         |
| Public Safety         | 153,000                       | 7.0         |
| Public Works          | 563,404                       | 25.9        |
| Non-Departmental      | 686,528                       | 31.5        |
| Totals                | 2,177,399                     | 100.0       |

SOURCE: City of South Bay FY 2008/09 General Fund.

**10.2.1.2 Water and Sewer Fund Expenditures**

Expenditures are fairly evenly split between the Water and Sewer Utilities. Water Utility expenditures are projected to be nearly \$1,280,000 for FY 2008/09; or 52.5% projected in the total Water and Sewer Fund budget. The Sewer Utility is expected to expend \$1,157,694 in FY 2008/09; or 47.5% of the Water and Sewer Fund budget.

The primary expenditures incurred by both the Water Utility and Sewer Utility are for capital costs and physical improvements in the provision of water and sewer services, and in paying off the debt service incurred by these services. The Sewer Utility projects that it will expend \$590,000 in FY 2008/09 for improvements to the City's collection system. This represents greater than 51% of the Sewer Utility expenditures and 24% of all Water and Sewer Fund expenditures. Likewise, the Water Utility projects that it will spend \$300,000 on the City operated water distribution system. This represents 23.4% of the Water Utility's expenditures and 12.3% of the total Water and Sewer Fund.

Debt service on outstanding bonds on the utility systems is another major capital expenditure incurred by the City. Both Utilities project to transfer \$155,800 to debt service. This major cost represents 13.4% of Sewer Utility expenses and 12.2% of Water

Utility expenses for FY 2008/09. In combination, debt service represents 12.8% of the entire Water and Sewer Fund budget. The Water Utility budget reflects a \$210,000 expenditure as a prior year expense. This cost represents 16.4% of the Water Utility's expenses and 8.6% of the FY 2008/09 Water and Sewer Fund budget. All other expenses reflected in the Water and Sewer Fund are for operations and maintenance of the respective water and sewer systems, and administrative costs. The major capital expenditures incurred by the Water and Sewer Utilities as reflected in the Water and Sewer Fund budget are identified in TABLE 10-6

TABLE 10-6

WATER & SEWER FUND CAPITAL EXPENDITURES: FY 2008/09

| <u>CATEGORY</u>                             | <u>W&amp;S BUDGET (\$)</u> | <u>% OF<br/>W. UTIL.</u> | <u>% OF<br/>S. UTIL.</u> | <u>% OF<br/>W&amp;S FUND</u> |
|---|----------------------------|--------------------------|--------------------------|------------------------------|
| <u>Water and Sewer Service</u>              |                            |                          |                          |                              |
| - Water Utility                             | 300,000                    | 23.4                     | -                        | 12.3                         |
| - Sewer Utility                             | 590,000                    | -                        | 51.0                     | 24.2                         |
| <u>Debt Service</u>                         |                            |                          |                          |                              |
| - Water Utility                             | 155,800                    | 12.2                     | -                        | 6.4                          |
| - Sewer Utility                             | 155,800                    | -                        | 13.4                     | 6.4                          |
| <u>Prior Year Expense</u>                   |                            |                          |                          |                              |
| - Water Utility                             | 210,000                    | 16.4                     | -                        | 8.6                          |
| <u>Other (Operations &amp; Maintenance)</u> |                            |                          |                          |                              |
| - Water Utility                             | 613,750                    | 48.0                     | -                        | 25.2                         |
| - Sewer Utility                             | 411,894                    | -                        | 35.6                     | 16.9                         |
| <u>Total Water Utility</u>                  | <u>1,279,550</u>           | <u>100.0</u>             | <u>-</u>                 | <u>52.5</u>                  |
| <u>Total Sewer Utility</u>                  | <u>1,157,694</u>           | <u>-</u>                 | <u>100.0</u>             | <u>47.5</u>                  |
| <u>Total W&amp;S Fund</u>                   | <u>2,437,244</u>           | <u>-</u>                 | <u>-</u>                 | <u>100.0</u>                 |

SOURCE: City of South Bay FY 2008/09 Water and Sewer Fund.

### **10.2.2 Capital Improvements Needs Assessment**

Current and projected capital improvements are derived by analyzing the following: (1) impacts upon municipal services created by major public facilities expansions; and (2) current and projected needs defined in the other Comprehensive Plan elements.

The City of South Bay is dependent on other service providers for most public facilities and services. Central water and sewer service is still provide by the City of South Bay, but both water treatment and sewer treatment are provided at the regional facilities in Belle Glade facilities by City. There are still a few individual septic tank systems in use, however. The cities of South Bay, Belle Glade and Pahokee are currently investigating the possibility of turning the entire water and sewer systems over to Palm Beach County Utilities. This investigation is in the analysis and feasibility stage; therefore, it is difficult at the present time to capital improvements during the 5-year planning timeframe. The South Bay current Water and Sewer Fund projects no capital improvements during the current fiscal year nor in subsequent years of the short-term planning period until these issues can be resolved. This situation will be assessed annually as part of the CIE update requirements to reflected in the Water and Sewer Fund appropriately, and as current applicable. Solid waste disposal services are provided by the Palm Beach County Solid Waste Authority; and operation and maintenance of the State and County roads located within the City's corporate limits are the responsibility of Palm Beach County.

The major capital improvements responsibilities of the City are in the operation and maintenance its local street network, stormwater/drainage system, water distribution system, sewer collection lines and lift stations and City-owned facilities such as the City Hall, Public Works building and City parks. There are major capital improvements projects anticipated in the short term (5-Year) planning period. Major capital expenditures are projected in the Public Works departmental budget of the General Fund for raod improvements in specific identified areas of the City; stormwater drainage improvements; vehicles and equipment; and, a street signage program. Major public facilities improvements are projected in the Short Range (5-Year) SCHEDULE OF IMPROVEMENTS: FY 2008/09 – 2012/13 which is contained in the Capital Improvements Element (CIE) of the Comprehensive Plan. These projects are either imminent or reasonably predicted, although changing circumstances and conditions could require future modification.

As the 5-year Capital Improvements Program (CIP) is assessed annually, appropriate changes can be made at that time.

### **10.2.2.1 Other Major Public Facilities Expansions**

There is only one other major public facility within the City of South Bay, Rosenwald Elementary School, with a current (1996) enrollment of 541 students, according to the Palm Beach County School District. The capacity is estimated to be 1,000 students. The school, located at the western terminus of Martin Luther King Boulevard is not currently scheduled for any major expansion which would result in impacts upon City infrastructure or services. A map illustrating the district boundaries for Rosenwald Elementary School is enclosed as FIGURE 10-1. The City has been found to be “exempt” from the school siting and co-location requirements of the State planning law by the Palm Beach County School District and the Florida Department of Community Affairs. There are no major public health facilities in South Bay. Therefore, an assessment of their impacts upon the provision of infrastructure is not necessary.

FIGURE 10-1

(To Be Inserted - Rosenwald School)

### **10.2.2.2 Comprehensive Plan Directed Capital Improvements**

The analyses performed in the preceding South Bay Comprehensive Plan elements have identified facility improvements needed to meet the demands of existing and future development. The impacts of new or improved public educational and public health care systems and facilities on the provision of infrastructure are examined in Section 10.2.2.1. No expansion is needed beyond what is already in existence in order to adequately satisfy projected public demand for education and public health facilities and maintain adopted level of service standards, as proposed in the other elements of this Comprehensive Plan, however, a series of rehabilitative, upgrading and economic development improvements are proposed for the ~~1996-2000~~ 2008/09-2012/13 timeframe.

The inventory that follows is concerned with those needed improvements which are of relatively large scale, are of generally non-recurring high cost, and which may require multi- year financing. Criteria used for the purpose of this analysis classify capital improvements as any expenditure for a fixed asset, including the construction, acquisition or installation of facilities or for acquisition of land. Useful life of the asset must be one year or more and the cost must be \$5,000 or greater. Since substantial excess currently exists in most infrastructure systems, improvements are limited primarily to repair, maintenance and upgrading type expenditures. This approach is deemed appropriate due to the low rate of population growth projected during the short range (i.e. 5 year) planning period. However, several improvements oriented to correcting existing deficiencies or service newly developing areas have been identified in other elements of this Plan. For additional information regarding existing facility deficiencies and needed improvements, refer to appropriate Plan elements. ~~The needed improvements derived from the preceding elements which qualify as capital improvements are listed in TABLE 10-4 during the next planning period 1996-2000. The SHORT RANGE (5-year) SCHEDULE OF IMPROVEMENTS (capital improvements program) is adopted in the CIE of the Comprehensive Plan document.~~

~~This is consistent with the provision of Section 9J 5.016, Florida Administrative Code, which requires this element to address existing and future capital improvements needed for five (5) fiscal years after the adoption on the comprehensive plan or the EAR-based amendment updates. Capital improvements needed for subsequent planning periods will be evaluated during the required annual review of this element.~~

~~TABLE 10-5 provides a brief description of each of the capital improvement projects, indicates whether the project is needed to correct existing deficiencies or address projected needs, and provides an estimate of the total project cost. Cost estimates were obtained from the City of South Bay and the City's Consultant. Projects are grouped by Comprehensive Plan element.~~

TABLE 10-4  
SOUTH BAY CAPITAL IMPROVEMENTS - FY 1995/96 - 2000/01

| <u>Project Description</u>     | <u>Target Year</u> | <u>Estimated Cost</u> |
|--------------------------------|--------------------|-----------------------|
| <b>Traffic Circulation</b>     |                    |                       |
| — Road Improvements            | 1996-1998          | 1,438,000             |
| — Road Resurfacing             | 1996-2000          | 100,000               |
| <b>Drainage Facilities</b>     |                    |                       |
| — Stormwater Improvements      | 1996-2000          | 1,600,000             |
| <b>Sanitary Facilities</b>     |                    |                       |
| — Economic Development         | 1996-2000          | 1,740,000             |
| — Repairs/Replacements/I&I     | 1996-2000          | 150,000               |
| <b>Potable Water</b>           |                    |                       |
| — Economic Development         | 1996-2000          | 120,000               |
| — Plant Imp. Filter/Tank/Misc. | 1997-1998          | 1,534,000             |
| <b>Solid Waste Facilities</b>  |                    |                       |
| — No Improvements Planned      |                    |                       |
| <b>Recreation Facilities</b>   |                    |                       |
| — Nature Park (phases)         | 1996-2000          | 700,000               |
| — Boat Ramp Park               | 1998-1999          | 300,000               |
| — Cox/Tanner Parks             | 1997-1998          | 80,000                |
| <b>Housing Facilities</b>      |                    |                       |
| — CDBG Rehab                   | 1996-2000          | 100,000               |
| — CDBG Construction            | 1996-2000          | 500,000               |
| <b>Conservation Measures</b>   |                    |                       |
| — No Improvements Planned      |                    |                       |

SOURCE: City of South Bay; CAS (1996)

## **10.3 CAPITAL IMPROVEMENTS ANALYSIS**

### **10.3.1 Local Policies and Practices**

The City of South Bay uses the annual budget approval process to guide the allocation of capital funds. In addition, there are additional practices which may be employed to further guide capital funds allocation. The following discussion includes practices which the City currently utilizes or may wish to incorporate within a capital improvements decision-making process as a basis for improving the effectiveness of short-range planning.

1. Level of Service Standards. Level of service (LOS) standards are indicators of the extent or degree of service provided by, or proposed to be provided by a facility based upon and related to the operational characteristics of the facility. LOS indicates the capacity per unit of demand of a particular public facility. They are, in short, a summary of existing or desired public facility conditions.

Chapter 163, Florida Statutes, and Chapter 9J-5, Florida Administrative Code, now require LOS standards to be included for public facilities addressed by local governments in their comprehensive plans. Specifically, these LOS standards will be established for the purpose of issuing development orders or permits to ensure that adequate facility capacity will be maintained and provided for future development.

LOS standards can also affect the timing and location of development by encouraging development in areas where facilities may have excess capacity. On the other hand, development will not be permitted unless needed facilities and services are provided. Such provision and development may occur in a phased sequence over time.

**CURRENT STATUS:** The City has formally adopted LOS standards for public facilities. LOS standards are adopted for transportation (streets), sanitary sewer, solid waste, stormwater management, potable water and recreation/open space. These standards are adopted in Policy form within their respective elements of the Comprehensive Plan and, also, in the CAPITAL IMPROVEMENTS element of the Plan. They are also presented herein.

TABLE 10-1  
SOUTH BAY PUBLIC FACILITIES  
LEVEL OF SERVICE STANDARDS

| <u>PUBLI FACILITY</u> | <u>LEVEL OF SERVICE STANDARD</u> |
|-----------------------|----------------------------------|
|-----------------------|----------------------------------|

POTABLE WATER

Average Day Water Consumption Rate – 88 gallons/capita/day

Maximum Day Water Consumption Rate – 140 gallons/capita/day

SANITARY SEWER

Average Day Sewage Generation Rate – 186 gallons/capita/day

Maximum Day Sewage Generation Rate – 260 gallons/capita/day

SOLID WASTE

Collection

~~Garbage – Residential – bi-weekly~~  
~~Commercial – bi-weekly~~  
~~Industrial – bi-weekly~~

~~Trash – Residential – once/week~~  
~~Commercial – once/week~~  
~~Industrial – once/week~~

Generation Rates 3.76 lbs./capita/day

~~Garbage – 4.0 lbs./capita/day~~

~~Trash – 2.21 lbs./capita/day~~

STORMWATER MANAGEMENT DESIGN STORM

Three year frequency, 24 hour duration (one day);

Rainfall intensity curve, as established by the Lake

TRANSPORTATION (Roads)

Urban Major Arterials – LOS Standard C

Collectors – LOS Standard C

RECREATION AND OPEN SPACE

STANDARD

Neighborhood Park

2.5 acres/1000 pop.

Community Park

2.5 acres/1000 pop.

SOURCE: City of South Bay, 6/08.

2. Capital Improvement Program (CIP). A capital improvement program (not to be confused with the Capital Improvements Element of this Comprehensive Plan) is a plan for capital expenditures to be incurred each year over a fixed period of years to meet anticipated capital needs. It sets forth each capital project, or other contemplated expenditures, which the City plans to undertake and, further, presents estimates of the financial resources needed to finance the project.

The CIP should be consistent with the CIE of the local comprehensive-plan, as it will reflect the goal, objectives and policies of the element and its implementation strategies, including the Five-Year Schedule of Improvements. It is, however, more inclusive than the CIE, as it contains those projects of relatively small scale and low cost which are generally recurring and do not require multi-year financing. Also, the CIP is not limited to those public facilities addressed in the Comprehensive Plan.

Time periods covered by a CIP may range up to ten years, but most are typically five-year programs. In many cases, the first year of the CIP is converted into the annual capital budget with longer range expenditures depicted in a supplementary five-year program. The capital budget entails enacting appropriations for projects in the first year of the CIP. Like the CIE, the CIP is reviewed on an annual basis.

CURRENT STATUS: South Bay currently prepares a CIP as part of the annual budget preparation process. A SHORT RANGE (5-Year) SCHEDULE OF IMPROVEMENTS is prepared as part of the CIE of the City of South Bay Comprehensive Plan.

3. Impact Fees. Impact fees are imposed by many local governments on new development to- offset the costs of new capital facilities necessitated by that development. This financing technique may be used by local governments as one strategy for implementing the Capital Improvements Element. Chapter 163, Florida Statutes, includes impact fees as an innovative technique that may be integrated into land development regulations.

Impact fee development is one logical outgrowth of Capital Improvements Element preparation. The assessment required for the local government's capital improvement needs and its capability in providing for those needs, as required by Chapter 9J-5, F.A.C., may be a rational basis for developing an impact fee ordinance.

CURRENT STATUS: South Bay has enacted a fair share contribution fees ordinance to assist in financing the capital costs of water and sewer system expansion generated by new development projects. South Bay has not developed its own Impact Fee financing technique at this time. New development is, however, subject to County impact fees.

4. Urban Service Areas. The demarcation of urban service areas within a comprehensive plan or capital improvement program may be used to indicate the areas for which the local government intends to provide public facilities and services. When used in conjunction with the Capital Improvements Element and CIP, this tool may orchestrate the timing of public facility and service provision within areas planned for development.

Additionally, the use of urban service areas may offer the following benefits:

1. Encourage efficient growth patterns; and
2. Provide the basis for controls on facility extensions.

CURRENT STATUS: Due to the compact nature and development status of South Bay, the Urban Service Area (USA) for the City has been adopted to be the existing City limits. However, the City will have to revise the USA based upon future annexation activities.

5. User Charges and Connection Fees. User charges are designed to recoup the costs of public facilities or services by -charging those who benefit from them. They are employed in many areas of local government service and are a common source of funds for paying off revenue bonds.

CURRENT STATUS: The City of South Bay currently employs the following user fees: garbage collection and disposal; and water and sewer service.

6. ~~Adequate Facilities Ordinance~~ Concurrency Management System Ordinance. ~~An adequate facilities ordinance~~ The City's Concurrency Management System Ordinance controls the timing and location of development by conditioning development approval upon a showing that sufficient facilities and services are present or will be provided in order to maintain adopted LOS standards. Such provisions implement the 1985 Legislative mandate (Chapter 163, Florida Statutes) which requires public facilities to be available to support the impacts of development. The ordinance may make development approval contingent upon the local government's ability to provide facilities and services and may require a developer to furnish facilities and services in order to maintain adopted LOS standards. Additionally, adoption of an adequate facilities ordinance may offer the following benefits:

1. Assure consistency of the Capital Improvements Element with the Future Land Use Element;
2. Provide for the orderly expansion of public facilities; and
3. Stabilize capital improvements expenditures and taxing structures for capital improvements.

Typically, ~~an adequate facilities ordinance~~ the Concurrency Management System Ordinance interacts with the development approval process by conditional zoning, subdivision, or planned unit development (PUD) approval on demonstrated compliance with the ordinance. ~~An adequate facilities ordinance~~ The Concurrency Management Ordinance ~~may~~ also functions at the building permit stage. The ordinance ~~may also~~, in this context, controls development in areas that are already approved but not as yet built out, such as pre-platted subdivision.

CURRENT STATUS: The City adopted a CMS ordinance in 1990, and is being implemented through the site plan review and land development process.

7. Mandatory Dedications or Fees In Lieu Of. -The City may require, as a condition to plat approval, that subdivision developers dedicate a certain portion of land in the development to be used for public purposes such as roads, parks and schools. Dedication may be made to the governing body or to a private group such as a homeowners association.

When a subdivision is too small or topographical conditions such that a land dedication cannot reasonably be required, the local government may require the developer to pay a fee in lieu of dedication which is equivalent to the amount of land that would otherwise have been dedicated. The fee may be deposited into a separate account for future use toward provision of such facility.

CURRENT STATUS: This City currently requires such improvements or fees in lieu thereof only for stormwater improvements.

8. Moratoria. A moratorium, or stop-gap ordinance may temporarily halt or freeze development for a specified period of time on an emergency basis. It may be imposed upon building permits, development approvals, or governmental services such as potable water connection; sanitary sewer extensions or hook-ups. Moratoria may generally- be imposed for a “reasonable time” to allow for necessary planning activities, including comprehensive plan preparation, adoption, or amendment. Florida courts have found development moratoria to be a valid measure of last resort for the protection of local public health, safety, and welfare when adopted in accordance with applicable procedures.

Additional considerations in adopting a moratorium include:

1. Determining the legal status of existing permit applications and approvals to define the extent of “vested rights” for developments approved prior to ordinance adoption;
2. Specifying the geographic extent of the moratorium (whether it will be jurisdiction-wide, or limited to specific hazard areas or areas with existing service insufficiencies); and

3. Specifying the time frame and conditions under which the moratorium will be imposed.

CURRENT STATUS: The City is not currently utilizing the moratorium practice, nor is it anticipated that it will be needed to meet LOS standards.

9. Intergovernmental Contracts. Intergovernmental contracts are similar to user fees, with the exception that they are designed to partially recoup the costs of public facilities or services by providing such facilities or services to another municipality or unincorporated area under the terms of a contract.

CURRENT STATUS: South Bay provides potable water to the South Shores Water Association. ~~In addition, the City has executed an interlocal agreement with the City of Belle Glade to share costs associated with construction and operation of the deepwell injection system.~~ The City has interlocal agreements with Palm /Beach County Utilities to operate the regional water and sewer treatment facilities located in Belle Glade. The City also has a contract with the Palm Beach County Sheriff for provision of police protection services, while fire protection and emergency medical services are provided by Palm Beach County Fire Rescue.

### **10.3.2 The Use of Capital Expenditures to Support Efficient Land Development**

Major infrastructure systems, including water, wastewater, stormwater management and streets are currently in place or being planned to accommodate additional growth within the current corporate limits during the short-range planning period. Projected future growth within the existing corporate limits of South Bay within the Five-Year planning period, is expected to be accommodated by in-fill activities within existing developed areas or new developments in the north and south City areas as described. It is concluded that future development can be efficiently served by maintaining current service levels. This conclusion should be revisited, however, if the City entertains major annexation activities.

### **10.3.3 Fiscal Assessment**

This section begins the examination of the City's ability to fund the capital improvements. The purpose of this section is to determine whether sufficient revenue will be available within the existing budgeting framework utilized by South Bay to fund 'the needed improvements at the time they will be required.

The assessment process consists of estimating future receipts of revenues which the City may use for capital improvement financing and then, balancing these receipts against anticipated expenditures for capital improvements. Using this process, it is possible to

quantify annual revenue surpluses and shortfalls; providing a basis for examining opportunities for financing needed capital improvements.

~~Due to the nature of the City's geographic area and staffing levels it is concluded that, outside of increased salary costs due to the cost of living increases and raises/promotions, there will be no extraordinary~~ During these uncertain economic times, it is not certain whether there will be impacts upon personnel levels and/or maintenance activities within operating departments during the short-range planning period.

### **10.3.3.1 Accounting System**

The accounting system employed by the City records financial transactions in individual accounts which are called "funds." ~~Records for each fund provide a complete accounting of fund assets, liabilities, reserves, equities, revenues and expenditures.~~ The following is a brief description of the funds which the City has established for capital improvement financing.

General Fund: The General Fund is the basic operating fund of the City. All revenues not required to be accounted for in other funds are accounted for in the General Fund. Historically, the City has not relied heavily upon this fund's revenues to finance facility improvements with the exception of fire control, law enforcement, road and street improvements, parks and recreation. Expenditures are expected to be minimal for capital projects. ~~Projected growth in revenues is expected to increase due to the amount of anticipated growth in land development activities.~~ The City no longer provides police, fire and emergency services, so the primary capital improvements financed through the General Fund are Public Woks projects.

#### Water and Sewer Fund:

The Water and Sewer Fund (i.e. Enterprise Fund) is the basic operating fund for the provision of water and sewer services in South Bay. Revenues consist of connection charges, impact fees, service charges and interfund transfers from the Excise Tax Fund. Historically, the City has utilized portions of this Fund's revenues to: (1) finance water and sewer improvements on an annual basis; (2) meet debt service requirements (i.e. outstanding bond issues); and (3) finance operating expenses. Revenues have not attained projected levels and Excise Tax Fund transfers have been necessary to meet debt service obligations. The City aggressively pursues grants and loans through a variety of sources to make the anticipated improvements.

#### Federal Revenue Sharing Fund:

~~The Federal Revenue Sharing Fund has been assigned special fund status due to federal accounting requirements. A majority of these funds have been expended for road improvements. No additional funds are expected from this source due to Federal Government action.~~

Community Development Fund:

The Community Development Fund is financed by grants through the County's Community Development Block Grant Program (CDBG). Special revenue fund status has been assigned due to federal accounting requirements. This has been a major source of capital improvements funding for the City and is expected to continue; however, the annual award procedure makes it difficult to program projects in advance.

Sanitation Fund

The Sanitation Fund (i.e an Enterprise Fund) is established to finance trash and garbage collection and disposal. Collection fees are also used to finance any capital costs incurred by the City for trash up. No Capital costs for trash pick up are expected to be incurred by the City during the short range planning period.

10.3.3.2 Projected Capital Improvements Revenues and Budget Potential

Based on the above analyses, it is concluded that a wide variety of revenue sources including the General Fund, Community Development Fund, Water and Sewer Fund Revenues and other grants/loans will be available and/or necessary to finance capital improvements during the short range planning period.

General Fund: The City's tax base is projected to increase assuming an annual 5.12 rate of growth for the adjusted taxable value of real and personal property (including new construction) as shown on the Table below. The assessment ratio is assumed to remain stable at 95%. Figures are in 1996 dollars.

| <u>Fiscal year</u> | <u>Tax Bases (\$ Million)</u> |
|--------------------|-------------------------------|
| 1995-96            | 50.15                         |
| 1996-97            | 52.72                         |
| 1997-98            | 55.42                         |
| 1998-99            | 58.26                         |
| 2000-01            | 61.24                         |

It is assumed that the current millage rate (i.e.9.289 mills) will remain fairly constant during the 1996 to 2000 period. On this basis, tax yields are projected on the following table.

| <u>Fiscal Year</u> | <u>Tax Base (\$ Million)</u> | <u>Millage Rate</u> | <u>Tax Yield (\$ Thousand)</u> |
|--------------------|------------------------------|---------------------|--------------------------------|
| 1995-96            | 50.15                        | 9.289               | 465.8                          |
| 1996-97            | 52.72                        | 9.289               | 489.7                          |
| 1997-98            | 55.42                        | 9.289               | 514.8                          |
| 1998-99            | 58.26                        | 9.289               | 541.2                          |
| 1999-2000          | 61.24                        | 9.289               | 568.8                          |

Assuming that the current ratio of capital expenditures (i.e. less Community Development revenues and other grant revenues) to ad valorem tax yields is maintained, capital available from the General Fund during the 1996-2000 period are projected on the following Table. Figures are in 1996 dollars.

| Fiscal Year | Tax Yield (\$ Million) | Capital Budget Potential (\$ Thousand) |
|-------------|------------------------|--|
| 1995-96     | 465.8                  | 83.8                                   |
| 1996-97     | 489.7                  | 88.1                                   |
| 1997-98     | 514.8                  | 92.7                                   |
| 1998-99     | 541.2                  | 97.4                                   |
| 1999-2000   | 568.8                  | 102.4                                  |

#### Community Development Fund

South Bay had been historically awarded between 5% to 10% of the available Community Development Block Grant Funds, which normally totals approximately \$4,000,000 of the County. However, in recent years the amounts have dropped below \$100,000 per year. The City is exploring leaving the County program and entering the Small Cities program to restore major funding sources. On this basis, the City can anticipate receipt of approximately \$400,000 to \$500,000 per year, assuming the maintenance of current funding levels. Although funding cannot be guaranteed through this source, it is assumed, for the purposes of the preparation of this element that it will be available at current levels.

#### Water and Sewer Fund

The Water and Sewer Fund Renewal and Replacement Account is used to finance the cost of extensions, additions to, or the replacement of capital assets to the system and for emergency repairs thereto. Funds from this account may also be used to supplement the Reserve Account, is necessary to prevent a default in the payment of principal and interest on the Revenue Bond issues. This account is financed by water and sewer system revenues. Assuming the maintenance of current policy, it is anticipated that approximately \$58,000 per year will be budgeted by the City with expenditures totaling approximately \$47,000 per year. The account balance as of October, 1994 was \$201,332. On this basis, it is assumed that available funds in the renewal and replacement account will accumulate at a rate of \$11,000 per year during the short-range planning period.

Based upon the above analyses, and assuming no additional bond issues, any capital improvement projects during the ~~1996-2000~~ FY 2008/09-2012/13 period must be financed as an annual capital outlay from the General Fund or Water and Sewer Fund (i.e. water and sewer expenditures only), ~~the Community Development Fund or developer~~

~~improvements. Since none of the funds listed currently includes an adopted (i.e. as part of the annual budget process) five year capital program, available funding for potential projects can only be projected by deducting currently approved projects (i.e. as defined in current budgets) from the capital budget potential figures prepared in this section. Available capital funding projection figures, for the 1996-2000 period, therefore, are displayed on TABLE 10-5. It can be concluded, based upon a review of TABLE 10-5 that, outside of the probable availability of grant funds or developer improvements, the City has extremely limited capabilities to finance capital projects. It is recommended that the City Commission annually develop a five-year strategy for expenditures. Currently planned capital improvements are listed on TABLE 10-6. Further, should proposed project costs exceed projected revenue (Ref: TABLE 10-5) the City should investigate alternative financing sources, as discussed in Section 10.2.1.2.~~

TABLE 10-5

CAPITAL IMPROVEMENTS EXPENDITURE POTENTIAL

GENERAL FUND

| <u>Fiscal Year</u> | <u>Capital Budget</u>      | <u>Less Planned</u> | <u>Available</u>    |
|--------------------|----------------------------|---------------------|---------------------|
| <u>Capital</u>     | <u>Potential</u> (\$000's) |                     | <u>Expenditures</u> |
| (000's)            |                            | (000's)             |                     |
| 1995-96            | 83.8                       | 70.0                | 13.8                |
| 1996-97            | 88.1                       | 73.5                | 14.6                |
| 1997-98            | 92.7                       | 77.2                | 15.5                |
| 1998-99            | 97.4                       | 81.0                | 16.4                |
| 1999-2000          | 102.4                      | 85.1                | 17.3                |

WATER AND SEWER FUND (Renewal & Replacement Account)

| <u>Fiscal Year</u> | <u>Account Balance</u> | <u>Less Anticipated</u> | <u>Available</u> |
|--------------------|------------------------|-------------------------|------------------|
| <u>Capital</u>     | (000's)                | <u>Expenditures</u>     |                  |
| (000's)            |                        | (000's)                 |                  |
| 1995-96            | 252.5                  | 47                      | 205.5            |
| 1996-97            | 263.5                  | 47                      | 216.5            |
| 1997-98            | 274.5                  | 250.0                   | 24.5             |
| 1998-99            | 35.5                   | 47                      | (11.5)           |
| 1999-2000          | 46.5                   | 47                      | (.5)             |

GRANT/LOAN FUND\*

| <u>Fiscal Year</u> | <u>Anticipated</u>      | <u>Less Planned</u> | <u>Available</u> |
|--------------------|-------------------------|---------------------|------------------|
| <u>Capital</u>     | <u>Revenues</u> (000's) | <u>Expenditures</u> |                  |
| (000's)            |                         | (000's)             |                  |
| 1995-96            | 2,732.0                 | 2,732.0             | 0                |
| 1996-97            | 4,938.0                 | 4,938.0             | 0                |
| 1997-98            | 883.0                   | 883.0               | 0                |
| 1998-99            | 543.0                   | 543.0               | 0                |
| 1999-2000          | 450.0                   | 103.0               | 347.0            |

• Anticipated funding through various sources.

TABLE 10-6

**(To Be DELETED in Update)**

~~Based upon the above analyses, and assuming no additional financing mechanisms, any capital improvement project during the 1989-1994 period must be financed as an annual capital outlay from the General Fund. Therefore, available funding for projects identified in this element can be projected by deducting projects from the capital budget potential figures prepared in this section. Available capital funding projection figures, for the 1989-1994 period, are displayed on Table 10-5. These figures can be used, in comparison to Table 10-4 as a means of determining the capabilities of the Town to fund capital improvements without utilizing new financing mechanisms.~~

As identified in TABLE 10-2 of the CIE in the City of South Bay Comprehensive Plan, the City has limited capital improvements obligations in the provision of essential services and facilities projected for the short term (5-Year) planning period of this Comprehensive Plan. Even though the City has reduced its millage rate substantially in recent years, it is expected that ad valorem revenues generated from the assessed millage will increase due to some new development and conversions from rental units to owner-occupied housing units. The City currently depends on its General Fund revenues to finance the limited capital projects they are projecting for the 5-year planning period. Water and Sewer Fund revenues would fund water and sewer capital projects; however, the future of who will own, maintain and capitalize the water distribution and sewer collection systems will dictate future capital outlay responsibilities. The City will continue to pursue grants and loans, when necessary and available, to assist the City in future transportation and drainage/stormwater management improvements, recreational and other public facilities improvements. South Bay is using all fiscal resources available to them to operate the City. The City is not currently invested in State revenue pool funds, local Certificates of Deposit or savings account. However, South Bay is still able to continue to meet all capital improvements needs currently projected in the 5-Year planning periods. Therefore, it is rendered that this Comprehensive Plan is “financially feasible”.

**TABLE 10-7**

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